

# **THE JACOBS REPORT**

**GILDA Z. JACOBS**  
**MICHIGAN SENATE**  
**Assistant Democratic Floor Leader**  
**FOURTEENTH DISTRICT**

**For Immediate Release**  
**July 22, 2005**

**Contact: Matt Levin**  
**(517) 373-7888**

---

## **IMPROVED REVENUES NECESSITATE SPECIAL CONFERENCE**

Responding to improved state revenues, Michigan fiscal officials have scheduled a special revenue estimating conference on August 17. Officials attending the meeting will set a new final revenue number for lawmakers and the administration to work with as they resolve gaps in the 2005-06 budget.

It's still too early to determine exactly how revenue improvements might lessen the impact of proposals to initiate new spending cuts and close some tax exemptions. It is possible that the increased revenues could end the need for further cuts, and also provide a financial boost for the next fiscal year by providing lapsed funds. The improved revenues could also be a signal that Michigan's economy is entering a recovery, which could translate into projections of further revenue increases for Fiscal Year 2005-06.

Senate Fiscal Agency (SFA) Director Gary Olson called for the meeting, which will take place a week before the Legislature returns to regular session.

Based on SFA estimates, June's revenues are approximately \$140 million more than the 2004-05 May revenue estimate had predicted. The House Fiscal Agency (HFA) estimate for June revenue is believed to be smaller, but HFA officials have yet to release their own figures.

## **MICHIGAN UNIVERSITIES HIKE TUITION; GRANHOLM CRITICAL**

Against Governor Jennifer Granholm's wishes, tuition at the state's largest universities is going up by at least 8.4 percent, topped by Wayne State University's 18.5 percent. Governor Granholm criticized all of the state's four-year institutions for making higher education less accessible. She was especially critical of Wayne State, calling its tuition increase "totally unacceptable."

In comparison, the University of Michigan increased in-state tuition by 12.3 percent and Michigan State University adopted an 8.4 percent average increase, although MSU's costs to in-state students will actually go up by 13 percent when fees and rebates are included.

In a press conference, Gov. Granholm said that an acceptable tuition increase would be at the rate of inflation.

Michigan universities were forced to make tuition decisions with the state budget still unsettled for 2005-06. University officials have stressed that increases are necessary to counter the cuts in state aid over the past four years and to maintain the quality levels required to attract students.

## **JACOBS BILL ESTABLISHES SCHOOL LOAN REVOLVING FUND**

### **Act will add \$86 million to School Aid Fund**

Senator Gilda Z. Jacobs (D-Huntington Woods) praised Governor Granholm's signing of legislation that establishes the School Bond Qualification and Loan Act (PA 92). The Act, (Senate Bill 406, sponsored by Sen. Jacobs) establishes a School Bond Loan Revolving Fund and requires that school district school bond loan repayments be deposited into the revolving fund. Currently, those monies are deposited into the General Fund.

Under the Act, school districts will implement fixed repayment schedules before they are allowed to borrow again. These fixed repayment schedules will provide the state a reliable income stream and will also make dollars available for loans under the new revolving fund. Jacobs sponsored the legislation establishing the fund.

The proceeds are expected to add \$86.1 to the School Aid Fund.

"This act comes at a time when both the state and school districts are seeking for ways to balance the School Aid Budget and ensure fiscal accountability," Sen. Jacobs said. "This reform will have a positive impact on both the School Aid budget and the Governor's proposed 2005-06 budget."

The new law also requires districts to provide more information to voters when holding construction bonding elections, including language informing voters that districts may borrow from the School Bond Loan Fund and may continue to levy debt mills after the bond have been repaid.

The new law is one of a package of bills that will amend the previous act of 1961. PA 92 will take effect immediately.

---

All Michigan legislation can be tracked at <http://www.legislature.michigan.gov/>.

State Senator Gilda Jacobs represents the 14<sup>th</sup> Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

**Constituents of the 14<sup>th</sup> District may contact Senator Jacobs at [sengjacobs@senate.michigan.gov](mailto:sengjacobs@senate.michigan.gov) or toll-free at 1-888-937-4453.**

This newsletter is produced in single-space form in order to save paper and transmission costs.

####